

IN THE SENATE

SENATE BILL NO. 1186

BY FINANCE COMMITTEE

AN ACT

RELATING TO HIGHWAY TRANSPORTATION PROJECTS; APPROVING BONDING AUTHORITY TO FINANCE CERTAIN HIGHWAY TRANSPORTATION PROJECTS; REFERENCING PROJECTS TO BE FINANCED WITH BOND PROCEEDS; LIMITING THE SCOPE OF TRANSPORTATION PROJECTS; PROVIDING A REQUIREMENT REGARDING A GARVEE PROGRAM MANAGEMENT SERVICES AGREEMENT; PROVIDING FOR ISSUANCE OF GARVEE BONDS; PROVIDING LEGISLATIVE INTENT AS TO THE IDAHO TRANSPORTATION BOARD'S PRIORITY USE OF BOND REVENUE; PROVIDING LEGISLATIVE INTENT REGARDING WORK PERFORMED BY THE IDAHO TRANSPORTATION DEPARTMENT; AUTHORIZING A TRANSFER OF FUNDS FOR DEBT SERVICE; PROVIDING A DATE FOR SUBMISSION OF A REPORT TO THE LEGISLATURE; AND PROVIDING FOR RESPONSIBILITIES OF THE IDAHO TRANSPORTATION BOARD REGARDING BOND ISSUANCE.

Be It Enacted by the Legislature of the State of Idaho:

SECTION 1. The Idaho Legislature hereby approves bonding authority for the issuance of highway transportation (GARVEE) bonds by the Idaho Housing and Finance Association in a principal amount sufficient to finance the highway transportation projects listed in Section 40-315, Idaho Code, in an amount up to \$82,000,000. Such bonds are expected to be paid from continuing appropriations of federal funds from the State Highway Account as provided in Section 40-707, Idaho Code.

SECTION 2. The Legislature finds that the bonding authority provided in Section 1 of this act shall be used in a manner that does not obligate future legislatures or governors for additional bonding authority. The Idaho Transportation Board shall allocate revenue generated from bonds authorized in Section 1 of this act to finance projects listed in Section 40-315, Idaho Code.

SECTION 3. The Idaho Transportation Board and the Idaho Transportation Department shall not increase the scope, nor add specific projects, nor in any manner extend or enlarge the transportation projects listed in Section 40-315, Idaho Code.

SECTION 4. To the extent the Idaho Transportation Board and the Idaho Transportation Department determine that GARVEE program management services are necessary, any agreement governing such services shall, to the extent possible, be fully transparent to the public and the Legislature and shall endeavor to negotiate those services at the best possible rates.

SECTION 5. The bonds issued under the authority provided by Section 1 of this act shall be issued upon an approved resolution by the Idaho Transportation Board requesting the Idaho Housing and Finance Association to issue bonds in amounts necessary to ensure that: the funds

1 are necessary to meet program obligation requirements; the funds will be used and disbursed
2 in accordance with United States Treasury regulations to ensure tax exempt status is retained;
3 and the bonds are issued at prevailing market rates of interest. Further, it is the intent of the
4 Legislature that the bonds authorized by the authority provided in Section 1 of this act be is-
5 sued on an "as needed" basis as determined by the Idaho Transportation Board. The purpose
6 of this intent is to delay debt service on additional bonding until funds must be obligated to
7 pay for right-of-way acquisition, construction, and/or other project-related costs and avoid vio-
8 lation of arbitrage rules that may result from issuance of bonds too far in advance of the need
9 to obligate funds for expenditure. The issuance of additional bonds shall be dependent upon
10 advantageous market rates and costs of bonding transactions as determined by the Idaho Trans-
11 portation Board.

12 SECTION 6. It is legislative intent that the Idaho Transportation Board direct the use
13 of the revenue raised from the bonding authority provided in Section 1 of this act in such
14 a manner that revenue shall be expended in a priority fashion and that the first priority of
15 expenditures shall be for construction, followed in order of priority by expenditures for right-
16 of-way acquisition, followed in priority by other necessary project-related costs. Further, any
17 savings realized from lower than expected cost estimates or other efficiencies shall be applied
18 to existing projects as soon as is practicable.

19 SECTION 7. Relating to the projects referenced in Section 2 of this act, it is legislative
20 intent, that to the extent feasible and practical, the Idaho Transportation Department perform
21 project-related work within the department itself. The goal of this directive is to preserve the
22 expenditure of GARVEE funds for the priorities described in Section 6 of this act.

23 SECTION 8. The Idaho Transportation Board is hereby authorized to transfer up to
24 \$4,000,000 from within the State Highway Account to the GARVEE debt service fund to pay
25 the state match as required for federal funds committed to pay the annual scheduled debt ser-
26 vice on GARVEE bonds for fiscal year 2010.

27 SECTION 9. Notwithstanding any other provisions of law, it is legislative intent that
28 by September 30 of each year, the board shall submit a report to the Legislature concerning
29 projects currently under construction using the bond financing as authorized by the provisions
30 of this act, and shall include a list of planned highway transportation projects to be financed
31 with such bond financing during the next succeeding fiscal year.

32 SECTION 10. Notwithstanding the provisions of Section 11, Chapter 363, Laws of 2007,
33 the bonds shall be issued when necessary, as determined by the Idaho Transportation Board,
34 either prior to or subsequent to June 30, 2009.